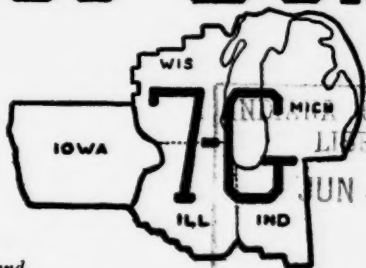


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

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Loans to Industry

To assist in meeting the needs of established commercial and industrial enterprises for working capital, the Federal Reserve banks were empowered under legislation enacted in June of 1934 to make the necessary credit available on a reasonable and sound basis (1) through member banks or other financing institutions, or (2) in exceptional circumstances, when the requisite financial assistance is not available through such channels, to make advances direct. Credit under each of these arrangements is available for periods not exceeding five years. Following is a brief outline of the procedure in securing credit under the two mediums referred to above:

1. A bank or other financing institution may make loans to its customers for working capital purposes and may offer such loans to the Federal Reserve bank for discount or purchase, or for commitment to discount or purchase within a specified period. Each such financing institution shall obligate itself to the satisfaction of the Federal Reserve bank for at least twenty per cent of any loss which may be sustained by such reserve bank upon any of the obligations acquired from such financing institution, or in lieu thereof may agree to retain twenty per cent of the loan in its own portfolio. The law also permits Federal Reserve banks to make industrial advances in participation with financing institutions, provided such institutions obligate themselves for at least twenty per cent of any loss which may be sustained.
2. In exceptional circumstances, when it appears to the satisfaction of the Federal Reserve bank that an established industrial or commercial business located in its district is unable to obtain requisite financial assistance on a reasonable basis from the usual sources, the Federal Reserve bank may make loans to or purchase obligations of such business or may make commitments with respect thereto on a reasonable and sound basis.

For the purpose of aiding the Federal Reserve banks in carrying out the provisions of the arrangement referred to, an Industrial Advisory Committee composed of men actively engaged in some industrial pursuit has been appointed in each Federal Reserve district. The Industrial Advisory Committee for the Seventh Federal Reserve district is made up of Chairman Max Epstein, Chairman, General American Tank Car Corporation, Chicago, Illinois; Colonel Howard Greene, President, Milwaukee Drug Company, Milwaukee, Wisconsin; R. R. Monroe, President, Des Moines Foundry and Machinery Company, Des Moines, Iowa; William R. Odell, Jr., Treasurer, International Harvester Company of America, Chicago, Illinois; and George W. Young, Vice President, Marshall Field & Company, Chicago, Illinois.

Each application for a loan, advance, purchase, discount, or commitment is referred to the Industrial Advisory Committee, and after an examination by it of the business with respect to which the application is made, the application is transmitted to the Federal Reserve bank, together with the recommendation of the committee.

The Federal Reserve bank looks with greater favor on applications which contemplate participations with local banks or financing institutions.

For more complete information on the subject of working capital loans, inquiry may be made of the Federal Reserve Bank of Chicago.

General Summary

INDUSTRIAL and trade activity in the Seventh district continued, for the most part, to show a rising trend during April, and in the majority of phases exceeded that of the month last year.

Employment and payrolls again reflected the expansion in manufacturing operations, rising somewhat further over the preceding month. Automobile production continued to gain in April and was at the highest level since 1929. Activity in the steel industry failed to equal that of a year ago, but business was maintained in fairly good volume through April. Operations at steel and malleable casting foundries increased over March, though orders declined. Building construction likewise expanded in April, being heavier than in any month during the past year, and the movement of building materials was accelerated greatly. Furniture orders and shipments fell off from March, in accordance with seasonal trend, but totaled substantially larger than in the month last year.

Food-producing industries also recorded gains during April, production and sales of meat-packing products, butter, and Wisconsin cheese exceeding the volumes of a month previous, although with the exception of cheese distribution and the dollar value of sales of meat-packing products, activity was below the month a year ago; inventories of all these commodities remained far below average. Wheat and corn receipts at primary markets rose sharply in April, contrary to trend; and reshipments of wheat likewise were much heavier, while those of corn declined. The movement of oats continued light during the period. The 1935 crop of spring pigs in the district was considerably smaller than in 1934, but that of lambs was slightly larger. Farm work was somewhat delayed during April and early May by wet weather. The 1935 winter wheat crop in the Seventh district is estimated as nearly 10 per cent above the 1928-32 average, in contrast to a 30 per cent decline from this average in the forecast for the United States as a whole.

Upward trends prevailed during April in merchandising phases, reporting wholesale and retail trade groups recording generally increased sales over the March volumes. In some wholesale lines, gains were counter-seasonal; in department store trade the expansion was about average for the period, and in the retail shoe trade

greater than usual; while the retail furniture trade alone showed a less than seasonal increase in sales. With the exception of this last-named group, all had substantially heavier sales than in the month last year, Easter trade being partly responsible for this trend in department store and retail shoe sales.

Credit Conditions and Money Rates

During the four-week period ended May 15, there was a net gain of over 48½ millions of bank funds to this district because of inter-district transfers through commercial and financial transactions. Holdings of Treasury and National bank currency increased 4½ millions, and the amount of reserve bank credit extended locally totaled 2 million dollars higher at the end of the period. Member bank reserve balances rose over 177 million dollars between April 17 and May 15, which gain was in part offset by a decline of 120 millions in Treasury cash and deposits. The accompanying tabulation sets forth detailed changes in items affecting use of Chicago Reserve bank credit.

Changes between April 17 and May 15 in Factors Affecting Use of Federal Reserve Bank Funds—Seventh District

(Amounts in thousands of dollars)

Reserve bank credit extended (exclusive of amounts to other districts)	+2,078
Commercial operations through inter-district settlements	+48,714
Treasury and National bank currency	+4,442
Total supply	+55,234
Demand for currency	-1,709
Member bank reserve balances	+177,403
Treasury cash and deposits at Federal Reserve Bank of Chicago	-119,734
Special and "all other" deposits	-625
Other Federal Reserve accounts	-101
Total demand	+55,234

The prevailing rate on customers' commercial loans as reported by down-town banks in Chicago was 1½ to 5 per cent during the week ended May 15, unchanged from the corresponding week in April. The average rate earned on loans and discounts during the calendar month of April by Chicago banks located in the down-town area was 2.95 per cent, compared with 2.93 in March and with 3.18 per cent in April 1934. Down-town banks in Detroit reported a range of 3½ to 6 per cent during the week ended May 15 on customers' commercial loans, which rate had been shown for the week ended April 15.

Sales of commercial paper by dealers in the Middle West showed a further decline in April to a level 5 per cent under March, 14 per cent below a year ago, and 53½ per cent less than the 1925-34 average for the month. Although borrowings increased slightly, demand from country banks remained practically unchanged in April and that from city banks decreased somewhat. Commercial paper outstanding, however, increased one per cent over March. Selling rates firmed slightly during

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	MAY 15 1935	APRIL 17 1935	CHANGE FROM MAY 16 1934
Total Bills and Securities	\$ 386.6	\$ -6.0	\$ -47.5
Bills Discounted	0.0	+0.0	-1.1
Bills Bought	0.6	-0.1	-0.1
U. S. Government Securities	383.8	-6.0	-48.5
Total Reserves	1,345.0	+165.6	+349.8
Total Deposits	908.9	+167.6	+285.4
Federal Reserve Notes in Circulation	786.5	-6.0	+9.7
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined	79.3	+2.5*	+8.3*

*Number of Points.

the month and ranged from ½ to ¾ per cent for prime short-term paper to ¾ to 1 per cent for the higher grade classifications, with most of the sales moving at the higher range. In the first half of May sales declined 53½ per cent from the corresponding weeks in April.

During the five weeks ended May 15, the supply of acceptances in the Chicago bill market increased more than 100 per cent over the limited volume available between March 14 and April 10. Although bills purchased from local acceptors remained light in volume, receipts from Eastern cities totaled more than twice those of the preceding period. These purchases moved rapidly out of dealers' hands, for the most part to local and out-of-town banks. As in recent preceding months, total distribution equaled supply, so that holdings on May 15 were nil. Rates remained unchanged during the period, ranging from ⅛ to 3/16 per cent.

In the Seventh Federal Reserve district, new financing by means of bankers' acceptances—after having declined to a very low volume during March—showed a counter-to-seasonal increase of over 19 per cent in April, though remaining 23½ per cent under a year ago and 50 per cent below the 1925-34 average. Own bills discounted during April increased 31½ per cent over a month earlier, which was in contrast to a decrease of 45 per cent in the discounting of other banks' bills; total bills bought, however, showed a gain of one per cent over March but were 57 per cent under April 1934 and 61½ per cent below the 1925-34 average for the month. Sales were nil in April, but maturities gained 3 per cent, so that total holdings on April 30 registered a decline of 1 per cent from a month previous, though totaling 35 per cent greater than the ten-year average for the date. New financing increased sharply during the early part of May.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

PER CENT CHANGE IN APRIL 1935 FROM

	MARCH 1935	APRIL 1935
Total value of bills accepted	+19.4	-23.1
Purchases (including own bills discounted)	+1.0	-57.1
Sales	-100.0	-100.0
Holdings*	-11.1	-45.1
Liability for outstandings*	-7.8	-37.1

*At end of month.

SECURITY MARKETS

The general trend of bond prices was almost continuously upward during April and together with an increase in the volume of new offerings for the month resulted

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	MAY 15 1935	APRIL 17 1935	CHANGE FROM MAY 16 1934
Total loans and investments	\$1,946	\$ -13	\$ +14
Total loans on securities	236	-22	-10
To brokers and dealers			
In New York	2	-16	-17
Outside New York	27	-3	-17
To others	207	-3	-47
Acceptances and commercial paper bought	36	-6	-
Loans on real estate	31	0	-
Other loans	319	-7	-27
U. S. Government direct obligations	940	+19	+220
Obligations fully guaranteed by U. S. Government	92	-11	-49
Other securities	292	+14	+49
Net demand deposits	1,854	+114	+330
Time deposits	603	+48	+110
Borrowings from Federal Reserve Bank	0	0	0

*Represents total acceptances, commercial paper, loans on real estate and other loans. Segregated figures not available.

**Represents obligations fully guaranteed by U. S. Government and other securities. Segregated figures not available.

in an improved tone in the Chicago bond market. The bulk of the new financing in April was comprised of refundings in long-term issues, and for the first time in a considerable period corporate issues exceeded the volume of state and municipal offerings. Prices on the Chicago Stock Exchange, after showing narrow fluctuations throughout April, began an upward trend during the early part of May. The average price of twenty leading stocks* amounted to \$33.17 on May 17 as compared with \$30.73 on the corresponding date a month earlier.

*The Chicago Journal of Commerce.

Agricultural Products

The crop of spring pigs in the Seventh Federal Reserve district was 12 to 17 per cent smaller in 1935 than in 1934, according to reports received at this bank from agricultural agents in 178 counties. This reduction from 1934 reflected lessened farrowings rather than any reduction in size of litters or increase in the mortality rate. On the other hand, the lamb crop increased one per cent over that of last spring.

Heavy precipitation, which took place during the last half of April and the first part of May, restored subsoil of the district to a normal condition but delayed farm work a week to ten days behind the usual schedule in all states of the district except Michigan. However, very little shifting in acreage from earlier intentions had been evidenced by the middle of May, although there was some tendency to increase legume and emergency hay crops in counties where winter damage to clover and alfalfa had resulted in heavy abandonment.

Wheat, oats, rye, and barley were doing well in May, and hay and pastures were not only in much better condition than a year ago but were rapidly approaching the 1923-32 average. Truck gardens had made only fair progress by May 15, and more ample sunshine was needed to promote plant growth of all crops. Corn planting was advancing after having been delayed by wet weather. The abandonment of winter wheat acreage in the Seventh district has been unusually light in 1935, in contrast to heavy losses reported for the United States as a whole.

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics on the basis of May 1 condition

(In thousands of bushels)

	FIVE STATES INCLUDING SEVENTH DISTRICT		UNITED STATES		1928-32 AVERAGE
	FORECAST 1935	FINAL 1934	FORECAST 1935	FINAL 1934	
Winter Wheat...	86,445	75,221	431,637*	405,034	618,186
Rye.....	11,149	5,555	40,356	16,040	38,655

*Still considerably under commercial estimates.

GRAIN MARKETING

Wheat receipts at terminal markets in the United States, after having been in exceptionally light volume during the preceding period, showed a counter-to-seasonal

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	APR. 1935	PER CENT OF INCREASE OR DECREASE FROM	
		MAR. 1935	APR. 1934
Chicago.....	\$2,623	-3.6	+7.4
Detroit, Milwaukee, and Indianapolis..	1,101	-3.8	+18.9
Total four larger cities.....	\$3,724	-3.7	+10.6
35 smaller centers.....	610	+5.4	+26.3
Total 39 centers.....	\$4,334	-2.5	+12.5

rise of 42½ per cent in April over March to a level higher than for any month since December 1934, 20 per cent under a year ago, and 54½ per cent below the 1925-34 average for the season. Also, reshipments of this grain increased sharply in April to a point 26 per cent above a year earlier and 42 per cent under this ten-year average. Imports of wheat into the United States continued to record a marked gain over 1934. However, visible supplies of wheat in the United States showed a further decline on May 11 from the 1925-34 seasonal average and remained in less than half the volume of a year ago. Prices averaged higher in April than in March, but eased during the first half of May.

The movement of corn was non-seasonal in trend during April. Receipts increased 34½ per cent over March, and were not only the heaviest since October 1934 but 38½ per cent in excess of a year ago and within 28 per cent of normal for the month. On the other hand, reshipments of this grain declined in all three comparisons. Imports of corn have increased sharply in 1935 over 1934. Visible supplies of this grain in the United States were 56 per cent lower on May 11 than in the ten-year average for the date. After having averaged higher in April than in March, quotations for corn eased in May.

Receipts and reshipments of oats at terminal markets continued unusually light during April. Imports of this grain continued to exceed those of 1934. Prices averaged lower in April than in March and showed a further decline during the first half of May. Visible supplies of oats in the United States on May 11 were less than half the 1925-34 average for the date.

MOVEMENT OF LIVE STOCK

Receipts of cattle, calves, and lambs at public stock yards in the United States increased more than is customary in April over March, those of hogs gained non-seasonally, and, with the exception of hogs, the volume of all live stock was in excess of a year ago. Hog marketings amounted to only half the average for the month, those of cattle decreased slightly in this comparison, and the number of lambs and calves was greater.

The movement to inspected slaughter—inclusive of animals that did not pass through public yards—diverged from the trend of market receipts in three major instances: the supply of cattle declined one per cent from March and 9 per cent from last year, that of calves was 2½ per cent below April 1934, and the number of hogs showed a decline of only 37 per cent from the 1925-34 average for the month. Reshipments of cattle

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District,				
April 1935.....	192	380	344	118
Federally Inspected Slaughter, United States				
April 1935.....	683	2,177	1,483	511
March 1935.....	691	2,158	1,374	473
April 1934.....	749	3,411	1,164	526

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	MAY 18 1935	APR. 1935	MAR. 1935	APR. 1934
Native Beef Steers (average).....	\$11.25	\$11.05	\$10.80	\$6.40
Fat Cows and Heifers.....	8.25	7.85	7.60	4.65
Calves.....	8.50	8.00	7.90	5.25
Hogs (bulk of sales).....	9.20	9.00	9.15	3.90
Lambs.....	8.35	8.15	8.10	9.35

and calves to feed lots were heavier than in any other month since November 1934 and above the 1930-34 seasonal average, but those of lambs were under any corresponding period since March 1934 and 37½ per cent below this five-year average.

MEAT PACKING

The production of packing-house commodities at inspected slaughtering establishments in the United States expanded 2 per cent in April over March, but was 24½ per cent lighter than either a year ago or the 1925-34 average for the month. However, the sales tonnage not only rose to a level 5½ per cent above a month earlier and within 16 per cent of last April and this ten-year average, but showed more than a seasonal excess over current production. The general price level of packing-house commodities remained practically the same as in March, with a decline in lard, barreled pork, dry salt meat, lamb, and common veal quotations offsetting an advance in other products. As a result of these trends, the total value of sales billed to domestic and foreign customers rose 5½ per cent in April over March to a level 31 per cent above a year ago and within 7 per cent of the 1925-34 average for the month. Payrolls at the close of April reflected a decline from March of 3½ per cent in number of employees and of 1½ per cent each in hours worked and in wage payments. Inventories of packing-house commodities in the United States were reduced 98,579,000 pounds on May 1 from the beginning of April, were 120,932,000 pounds less than for the corresponding date of 1934, and 148,980,000 pounds below normal for this season of the year.

Total shipments for export showed a further decline in April from the relatively small tonnage of March, despite an expansion in forwardings of hams and bacon. Demand for American lard fell off in the United Kingdom, owing to increased offerings from Continental Europe and South America and to greater consumption of lard substitutes. British demand for the limited quantity of United States meats permitted to enter that country under the quota system, ranged from fair to good. The Continental trade in packing-house commodities from the United States remained practically nil. British quotations for United States lard remained under Chicago parity, bacon weakened, and prices of American hams in that country continued at a premium. Inventories of United States packing-house commodities in foreign markets—inclusive of stocks in transit—decreased on May 1 from the beginning of April.

DAIRY PRODUCTS

After having recorded less than a normal expansion in March, creamery butter production in the Seventh Federal Reserve district increased more than seasonally in April over a month earlier, being 18 per cent heavier than in March, only 3½ per cent lighter than a year ago, and 8 per cent below the 1925-34 average for the month. The sales tonnage expanded 9 per cent over March but, owing to increased use of butter substitutes in 1935 over 1934, was 13 per cent under last April. United States production of the commodity also gained more than is customary for the month, and was but 2½ per cent smaller than in the corresponding period of 1934. Inventories of creamery butter in the United States aggregated slightly heavier on May 1 than at the beginning of April but were 8,769,000 pounds lighter than the

1930-34 average for that date. Butter prices rose approximately 7 per cent in April over March.

The manufacture of American cheese in Wisconsin increased 17 per cent in the five weeks ended May 1 over the preceding period, but declined 18 per cent from last year and the 1930-34 seasonal average. On the other hand, the sales tonnage not only rose 23 per cent over a month earlier to a level 5½ per cent above the corresponding period of 1934 and within 4½ per cent of the five-year average, but showed a greater than normal excess over current production. Total inventories of cheese in the United States decreased more than usual on May 1 from the beginning of April, and were not only 11,004,000 pounds less than a year ago but 394,000 pounds lighter than the 1930-34 May 1 average. Prices held only fairly steady in April as compared with March.

Industrial Employment Conditions

The increases in employment and payrolls, which have been substantial during the past several months in Seventh district industries, continued also into April but at a more moderate rate. Gains reported by almost 6,000 establishments with an aggregate of over a million workers amounted to one-half per cent in number of workers employed and to slightly more—1½ per cent—in wage payments, as compared with an average rise in the four months preceding of 4 and 7 per cent, respectively, in these items. The April volume of employment, as also that of March, was the largest since September 1930, and payrolls continued higher than in any previous month since May 1931. The metal industries, constituting one of the two groups that have been mainly instrumental in effecting the recent improvement, maintained employment from March into April with a rise of one-half per cent, but curtailed payrolls by a similarly small percentage. Vehicles, the second of these two major groups, continued to expand activity into April with gains of one per cent in number of employees and 5½ per cent in wage payments, both items attaining the highest level since the spring of 1930. For the third consecutive month, a marked seasonal expansion was shown in stone, clay, and glass products, while in lumber, leather, and especially rubber products there was a reversal of the earlier upward movement. Food products increased wage payments slightly, by less than one-half per cent, and for

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF APR. 15, 1935			CHANGE FROM MAR. 15, 1935	
	REPORTING FIRMS NO.	WAGE EARNERS NO.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products¹.....	1,193	248,910	5,731	+0.4	-0.5
Vehicles.....	205	282,348	8,269	+0.9	+5.4
Textiles and Products.....	272	45,062	816	+1.7	-2.9
Food and Products.....	559	82,479	1,801	-0.0	-0.4
Stone, Clay, and Glass.....	149	9,678	197	+0.3	+13.4
Wood Products.....	353	29,857	485	-0.1	-0.8
Chemical Products.....	155	21,977	511	-1.4	+1.6
Leather Products.....	100	20,645	390	-2.0	-3.5
Rubber Products².....	8	6,991	171	-14.8	-12.9
Paper and Printing.....	501	59,896	1,421	+0.0	-1.8
Total Mfg., 10 Groups....	3,497	807,843	19,792	+0.4	+1.8
Merchandising³.....	1,817	99,091	2,029	+5.0	+4.2
Public Utilities.....	79	81,487	2,485	+0.3	+0.2
Coal Mining.....	15	1,873	33	-56.7	-68.7
Construction.....	324	10,846	195	+18.4	+5.1
Total Non-Mfg., 4 Groups.	2,235	193,297	4,742	+2.2	+0.5
Total, 14 Groups.....	5,732	1,001,140	24,534	+0.7	+1.5

¹Other than Vehicles. ²Michigan and Wisconsin. ³Illinois and Wisconsin.

the first time since September last year did not record a loss in employment volume.

While both manufacturing and non-manufacturing industry groups contributed to the moderate gains recorded for April, the increases in the former classification totaled less than one-half per cent in employment and nearly 2 per cent in payrolls, whereas in the latter classification the gains aggregated over 2 per cent in number of wage-earners but only one-half per cent in wage payments. Except for the coal-mining industry which operated at less than one-half the schedules of the preceding month, all of the non-manufacturing industries shared in the April expansion.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Production of automobiles continued to expand during April, in accordance with seasonal trend. Output of passenger automobiles by United States manufacturers, totaling 401,628 in the period, was the heaviest for any month since August 1929, and exceeded that of March this year by 11 per cent and of April a year ago by 39 per cent. Truck production in April, numbering 76,088 vehicles, was 12 per cent greater than a month previous, 18 per cent above that of last April, and larger than in any month since June 1929.

Although sales of new automobiles in the Middle West were somewhat smaller in April than in the preceding month, according to data furnished by reporting distributors and dealers, wholesale distribution showed an even greater increase over a year ago than in a similar comparison for March, and sales to users continued to be substantially heavier. (See table.) A small decline took place in stocks of new cars between the close of March and April 30, and they were likewise lighter in number on the latter date than last year at the same time. Contrary to the trend in new cars, sales and stocks of used cars rose in April over the preceding month, with stocks remaining considerably larger than a year ago. The ratio of deferred payment sales to total retail sales declined in April from March, according to dealers reporting the item, the percentage in the current period amounting to but 41 per cent as against 44 per cent a month previous, and comparing with 47 per cent for April 1934.

IRON AND STEEL PRODUCTS

April business in the steel industry of the Chicago district was maintained in relatively good volume, although it aggregated somewhat smaller than in April last year.

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in April 1935 From Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	MAR. 1935	APR. 1934	
New Cars			
Wholesale—			
Number Sold.....	-3.8	+58.9	23
Value.....	-4.0	+45.3	23
Retail—			
Number Sold.....	-5.7	+30.5	46
Value.....	-2.6	+28.9	46
On Hand April 30—			
Number.....	-2.8	-10.8	46
Value.....	-5.3	+0.4	46
Used Cars			
Number Sold.....	+9.5	+24.0	46
Salable on Hand—			
Number.....	+4.0	+62.1	46
Value.....	+1.5	+75.3	46

The first four months of 1935, however, have shown a substantial increase in volume over the corresponding period of 1934. Production of steel ingots rose slightly from 50 per cent of capacity in the middle of April to 53½ per cent in the following week, and fluctuated between that level and 52 per cent through the middle of May, though dropping to 44½ per cent in the third week of the month. Pig iron production in the Illinois and Indiana district gained in the daily average for April over the preceding month and was more than 20 per cent heavier than in the month last year. The scrap market has shown no definite trend in recent weeks.

Orders booked during April by steel casting foundries of the Seventh district decreased 5 per cent from the preceding month in tonnage volume but showed a 2 per cent increase in dollar value. Shipments registered a further moderate expansion of 15 per cent in tonnage, and production gained 6 per cent. As compared with the corresponding volumes reported for April last year, current orders were less than one-half as large, while shipments totaled about 25 per cent and production 7 per cent heavier. At malleable casting foundries, orders showed a decline in the monthly comparison that erased practically all of the gain reported for March, but maintained a small favorable margin over a year ago, amounting to 4 per cent in tonnage and 9 per cent in dollar units. Both shipments and production of malleable castings registered slight increases over a month earlier and exceeded the tonnage of a year ago by 19 and 25 per cent, respectively.

Orders accepted for stoves and furnaces during April fell 21 per cent below the March volume, marking the first recession in the seasonal activity of this industry since the close of 1934. The current figure was also slightly below that of a year ago for the first time since last August. Moulding-room operations also showed a slight decline in both the monthly and yearly comparisons, while shipments continued the upward trend of recent months. Inventories, which accumulated 14 per cent during April, were 19 per cent heavier than a year previous.

FURNITURE

Although, in line with seasonal trend, a recession of 21 per cent from the preceding month was recorded in April orders booked by Seventh district furniture manufacturers reporting to this bank, and one of 8 per cent was shown in shipments, operations continued at levels

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	APRIL 1935: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	MAR. 1935	APR. 1934	
Wholesale Lumber:			
Sales in Dollars.....	+8.8	+14.9	10
Sales in Board Feet.....	+7.9	+10.5	8
Accounts Outstanding ¹	+5.6	-7.7	10
Retail Building Materials:			
Total Sales in Dollars.....	+38.2	+39.8	173
Lumber Sales in Dollars.....	+56.1	+30.0	57
Lumber Sales in Board Feet.....	+48.7	+23.9	67
Accounts Outstanding ¹	+9.7	-6.7	165
Ratio of Accounts Outstanding ¹ to Dollar Sales during Month			
	APR. 1935	MAR. 1935	APR. 1934
Wholesale Trade.....	133.4	137.4	166.0
Retail Trade.....	260.7	328.9	383.7

¹End of Month.

substantially above those obtaining in the corresponding month of any year since 1931, April marking the seventh successive month in which new orders were higher and the fourth in which shipments were greater than in the same period of the three preceding years. As compared with a year ago, current orders booked were 42 per cent heavier and shipments 89 per cent higher. Despite a further moderate drop during April in the volume of unfilled orders, those outstanding at the close of the month were in the relatively high ratio of 84 per cent to current orders. Operations averaged 61 per cent of capacity, 2 points lower than in March but 16 points higher than in April a year ago.

Building Materials, Construction Work

Distribution of building materials in the Seventh district continued in April to expand markedly, and in some lines considerable gains were shown as compared with a year earlier. Shipments of cement against contracts for heavy construction were adversely affected by the cold, damp weather obtaining in most sections of the district, so that total shipments in the five states of this district increased less than seasonally over the preceding month and were slightly under those of April 1934. Sales of lumber at retail yards, as measured both in board feet and in dollars, continued to gain in considerably more than seasonal proportions and showed substantial increases over a year previous. The expansion in total dollar sales at retail lumber yards likewise exceeded seasonal expectations, partially counteracting a smaller than average gain for the February-March period. Lesser increases over the preceding month and a year ago were shown both in board-foot and in dollar sales of lumber by wholesale and manufacturing concerns—in contrast, however, to small net declines obtaining in the ten-year average for the period and following upon greater than usual gains a month earlier. Reflecting the smaller expansion in sales at wholesale than at retail, the accounts-to-dollar sales ratio for the wholesale trade failed to decline as sharply as that for retail yards, with respect either to the preceding month or to a year ago.

BUILDING CONSTRUCTION

A further gain took place during April in Seventh district contract awards, and the total value thereof equaled that of the corresponding month a year previous for the first time since last October and exceeded the valuation shown in any month during the past year. Residential awards, moreover, were higher in estimated value than in any month since October 1931; and the aggregate for the first four months of 1935 exceeded that of the corresponding period of any year since 1931, though little more than one-fourth the total shown in the first four months of that year.

WHOLESALE TRADE IN APRIL 1935

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCOUNTS OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCOUNTS OUTSTANDING	COLLECTIONS	
Groceries.....	+9.9	+9.0	-13.6	+12.2	87.7
Hardware.....	+15.1	+6.5	-2.6	+20.0	165.2
Drugs.....	+13.6	-0.8	-6.8	+2.9	155.4
Electrical.....					
Supplies.....	+15.1	+10.5	+0.7	+14.7	136.0

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
April 1935.....	\$24,549,398	\$4,818,987
Change from March 1935.....	+12.2%	+87.1%
Change from April 1934.....	+0.1%	+65.3%
First four months of 1935.....	\$71,753,447	\$10,391,845
Change from same period 1934.....	-23.3%	+23.8%

*Data furnished by F. W. Dodge Corporation.

The aggregate valuation of permits issued in 102 cities of the district also continued in April to register marked gains with respect to the preceding month as well as a year ago, increases amounting to 48 per cent and 146 per cent, respectively. The number of permits issued showed an expansion of 54 per cent over March and of 42 per cent over a year previous. Of the larger cities, all showed heavy gains in estimated cost of permits, except that that of Des Moines permits was lower than in March when the figure was at the highest level since July 1932; and of the smaller cities, only those in Iowa registered a small net decline in the yearly comparison—much reduced from that shown a month previous.

Merchandising

April trends in wholesale trade reporting groups were upward, the increases of 5 and 3 per cent over March in grocery and drug sales, respectively, being counter-seasonal, while the gain of 9 per cent in electrical supply sales was larger than usual for the month and that of 13 per cent in hardware about average. Furthermore, the increase of 10 per cent over last April in grocery sales and that of 14 per cent in the drug trade contrasted with a decline for the former group in the yearly comparison for March and with practically no change in the latter. The gain in hardware sales of 15 per cent over a year ago was somewhat smaller than in March when an especially favorable trend was shown, while that in electrical supplies was about the same. In the first four months of 1935, drug sales exceeded those of the corresponding period last year by 5 per cent, groceries by 6 per cent, hardware by 13 per cent, and electrical supplies by 18 per cent. Ratios of accounts outstanding to net sales during April were lower for all groups than in March or last April.

Department store trade in the Seventh district expanded 9 per cent in April over the preceding month, which gain compares with one of 8 per cent in the 1925-34 average for the month. Chicago and Milwaukee with increases of 12 and 11 per cent, respectively, over a month previous recorded the heaviest expansion, while

DEPARTMENT STORE TRADE IN APRIL 1935

LOCALITY	PER CENT CHANGE APRIL 1935 FROM APRIL 1934		PER CENT CHANGE FOUR MONTHS 1935 FROM SAME PERIOD 1934	RATIO OF APRIL COLLECTIONS TO ACCOUNTS OUTSTANDING END OF MARCH	
	NET SALES	STOCKS END OF MONTH		1935	1934
Chicago.....	+15.0	+0.1	+7.5	32.6	30.9
Detroit.....	+6.5	+4.3	+9.5	46.5	45.2
Indianapolis.....	+12.5	-13.5	+11.3	47.0	39.8
Milwaukee.....	+5.5	-1.2	+4.9	38.7	36.2
Other Cities.....	+16.1	+4.2	+5.7	34.4	31.7
7th District.....	+11.9	+0.0	+7.7	38.0	36.1

Detroit sales gained 6 per cent, Indianapolis trade showed little change, and stores in smaller centers sold a dollar volume aggregating 7 per cent above that of March. Owing largely to the later date of Easter this year and one more trading day than in the month last year, sales totaled 12 per cent above those of April 1934, this increase being the largest in the yearly comparison shown so far in 1935. Total sales of stores in smaller centers led in the gain over a year ago, increasing 16 per cent; Chicago trade was larger by 15 per cent and Indianapolis trade by 12½ per cent; while sales by Detroit stores aggregated only 6½ and those of Milwaukee firms 5½ per cent heavier. An increase of 2 per cent took place in stocks during April, and they about equaled those at the close of April last year; turnover for the year to date has slightly exceeded that for the corresponding period of 1934.

The gain of 20 per cent recorded for April over March in sales of shoes by reporting dealers and department stores compared with an increase of but 12 per cent in the 1926-34 average for the month. Furthermore, the dollar volume of sales exceeded that of April 1934 by 26 per cent, this exceptionally heavy gain being due in large measure to the later date of Easter this year and to the fact that April trade last year experienced a counter-seasonal recession. For 1935 through April, sales aggre-

gated 10 per cent above those of the same four months last year. Stocks were 2 per cent larger at the end of April than a month previous and exceeded those of a year ago by 7½ per cent.

The retail furniture trade showed a less favorable trend in April. Total sales of dealers and department stores were only one per cent heavier than in the preceding month and only 3 per cent above those of last April, the latter increase being much smaller than any recorded in the yearly comparison since last August. Contrary to recent trends, dealer sales were responsible for the gains over a month and a year previous, as department store sales showed small declines in both comparisons. In this latter group, sales of furniture, rugs, and china and glassware effected the recessions shown from the preceding month, and those of house furnishings and china and glassware were under a year ago. Increases of 5 and 4 per cent, respectively, were recorded in aggregate stocks over March and last year.

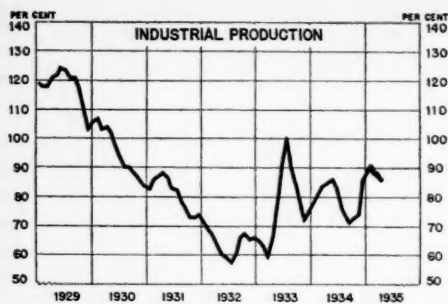
In chain store trade, sales of five-and-ten-cent stores and of shoe chains were largely responsible for the 4 per cent increase shown in total sales for April over a month previous, other major groups such as groceries and drugs having a smaller dollar volume of sales. In the yearly comparison, however, all major groups contributed to the aggregate gain of 11 per cent over last April.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the months indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	Apr. 1935	Mar. 1935	Feb. 1935	Jan. 1935	Dec. 1934	Nov. 1934	Apr. 1934	Mar. 1934	Feb. 1934	Jan. 1934	Dec. 1933	Nov. 1933
Meat Packing—(U. S.)—													
Sales (in dollars).....	47	82	77	80	81	73	71	62	63	63	60	54	56
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	12	38	35	31	31	20	24	31	28	22	21	18	21
In Tons.....	12	38	33	29	30	19	25	31	28	21	21	20	22
Malleable—In Dollars.....	21	48	45	37	37	28	29	38	36	28	23	23	23
In Tons.....	21	72	69	57	59	42	43	58	58	44	38	36	36
Stoves and Furnaces—													
Shipments (in dollars).....	10	114	108	85	59	101	144	78	82	63	45	78	109
Furniture—													
Orders (in dollars).....	14	36	45	42	48	25	34	25	31	28	35	18	21
Shipments (in dollars).....	14	43	47	35	25	30	36	23	24	29	21	23	28
Flour—													
Production (in bbls.).....	19	88	89	90	103	93	101	87	101	104	117	100	106
Output of Butter by Creameries—													
Production.....	57	98	83	81	86	88	98	102	95	85	92	94	93
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	28	70	67	64	72	70	73	64	68	62	64	63	64
Hardware.....	11	72	64	43	41	52	57	63	54	39	38	46	46
Drugs.....	13	70	69	65	70	64	66	64	71	64	70	67	57
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	27	75	68	59	59	124	77	65	68	56	56	108	67
Detroit.....	5	96	92	76	69	139	81	91	92	67	58	114	67
Indianapolis.....	4	88	89	65	70	140	83	78	84	56	62	119	70
Milwaukee.....	5	85	77	58	58	125	83	82	71	58	58	111	77
Other Cities.....	40	76	71	56	54	116	74	65	74	54	52	104	65
Seventh District—Unadjusted.....	81	81	75	62	60	126	78	72	75	58	56	109	68
Adjusted.....	81	76	83	79	76	75	71	73	76	73	70	65	61
Automobile Production—(U. S.)—													
Passenger Cars.....	137	137	124	95	78	44	16	99	95	64	39	17	15
Trucks.....	202	202	181	166	169	146	87	174	157	115	114	79	49
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....	16	16	9	4	6	5	6	10	8	6	4	3	5
Total.....	36	36	32	17	20	26	22	36	37	24	40	48	34
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....	65	65	63	63	51	38	34	54	49	39	34	31	34
United States.....	57	57	58	59	49	34	33	59	53	46	40	39	37
Steel Ingot Production—(U. S.)*.....	75	75	82	86	79	58	50	87	77	68	55	54	44

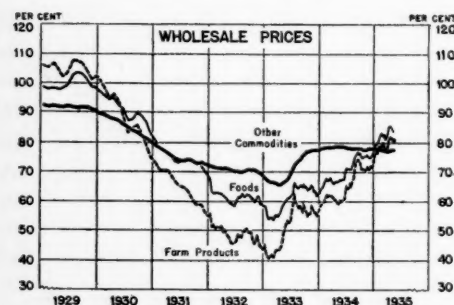
*Average daily production.



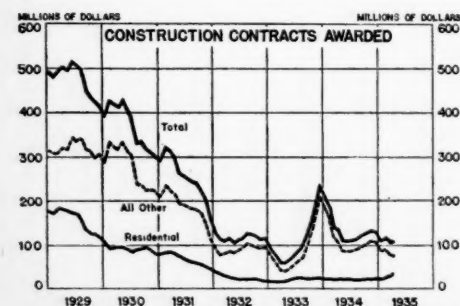
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average = 100.)



Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average = 100.)
Indexes compiled by the United States Bureau of Labor Statistics.



Indexes of the United States Bureau of Labor Statistics. (1926 = 100.) By months 1929 to 1931; by weeks 1932 to date.



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figure based on data for March and April, and estimate for May 1935.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

Factory production and employment showed little change in April, while output at mines declined. Residential construction showed a further increase.

PRODUCTION AND EMPLOYMENT

Combined output of factories and mines, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, declined from 88 per cent of the 1923-25 average in March to 86 per cent in April. This downward movement reflected chiefly decreases in the output of steel, cotton and silk textiles, and bituminous coal, offset in part by increased mill consumption of wool, and larger output of anthracite. At steel mills output declined from 49 per cent of capacity in March to 45 per cent in April and, according to trade reports, showed a further slight decline in the first three weeks of May. In the automobile industry there was a further increase in production during April, followed by a decline in the early part of May, partly as a consequence of labor disputes. In the tobacco industry activity was maintained at recent high levels. Output of bituminous coal declined sharply at the beginning of April, following a period of relatively high production earlier in the year. The total number employed in factories was about the same in the middle of April as a month earlier, and factory payrolls also showed little change. Declines in employment were reported for railroad repair shops and textile mills, while in the machinery industries employment continued to increase and in the men's clothing industry it showed none of the usual seasonal decline. In agriculture and in the building industry employment increased seasonally. Total value of construction contracts of all kinds, as reported by the F. W. Dodge Corporation, showed little change from March to April. A further increase in residential projects was offset in the total by a decline in contracts for other types of construction.

DISTRIBUTION

Total freight carloadings declined in April, contrary to seasonal tendency, chiefly as a consequence of a large decrease in shipments of bituminous coal. Department store sales, which had shown a sharp increase in March, increased by considerably less than the estimated seasonal amount in April.

COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, has shown little change since the middle of April, following an increase in the early part of the month, and in the week ending May 18 was at 80.0 per cent of the 1926 average as compared with 79.9 per cent in the week ending April 13. For this period the prices of cotton, hogs, hides, and non-ferrous metals increased somewhat, while grains and butter declined. In the following week there were further increases in the prices of hogs and of lead, while prices of wheat decreased further.

BANK CREDIT

During the five weeks ended May 22, member bank balances with the Federal Reserve banks increased to \$4,820,000,000, the highest figure on record, and excess reserves rose to a new high level of over \$2,350,000,000. The principal factors in the increase of member bank reserve balances were the disbursement by the Treasury of \$240,000,000 of funds previously held in the form of cash or on deposit with the Federal Reserve banks and further gold imports of \$90,000,000.

Deposits of reporting banks in leading cities increased further during the four-week period ended May 15, reflecting chiefly disbursements by the United States Treasury.

Yields on short-term Government securities declined slightly further during this period, while other short-term open-market money rates remained at low levels. The discount rate was reduced from 2 per cent to 1½ per cent at the Federal Reserve Bank of Cleveland and from 2½ per cent to 2 per cent at the Richmond, Minneapolis, Kansas City, and Dallas banks. Rates are now 1½ per cent at New York and Cleveland, and 2 per cent at all the other reserve banks.

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